

**House File 2473 - Introduced**

HOUSE FILE 2473

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2418)

(SUCCESSOR TO HSB 591)

**A BILL FOR**

1 An Act relating to economic development and the use of funds  
2 by establishing programs and funds, affecting programs, tax  
3 incentives, and project completion and other assistance  
4 administered by the economic development authority, by  
5 diverting withholding tax payments for such programs,  
6 incentives, and assistance, by abolishing the film tax  
7 credit program, by replacing references to the economic  
8 development fund and financial assistance program,  
9 and by providing spending authority, by providing for  
10 properly related matters, and including effective date and  
11 retroactive and other applicability provisions.  
12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

HIGH QUALITY JOBS PROGRAM AND RELATED ASSISTANCE AND PROGRAMS

Section 1. Section 15.327, subsections 2, 5, 7, 8, 10, 12, and 13, Code Supplement 2011, are amended to read as follows:

2. ~~"Benefit" has the same meaning as defined in section 15G.101~~ means nonwage compensation provided to an employee.

Benefits typically include medical and dental insurance plans, pension, retirement, and profit-sharing plans, child care services, life insurance coverage, vision insurance coverage, disability insurance coverage, and any other nonwage compensation as determined by the board.

5. ~~"Created job" has the same meaning as defined in section 15G.101~~ means a new, permanent, full-time equivalent position added to a business's payroll in excess of the business's base employment level.

7. ~~"Fiscal impact ratio" has the same meaning as defined in section 15G.101~~ means a ratio calculated by estimating the amount of taxes to be received from a business by the state and dividing the estimate by the estimated cost to the state of providing certain project completion assistance and tax incentives to the business, reflecting a ten-year period and expressed in terms of current dollars. For purposes of the program, "fiscal impact ratio" does not include taxes received by political subdivisions.

8. ~~"Maintenance period completion date" has the same meaning as defined in section 15G.101~~ means the date on which the maintenance period ends.

10. ~~"Project completion date" has the same meaning as defined in section 15G.101~~ means the date by which a recipient of project completion assistance has agreed to meet all the terms and obligations contained in an agreement with the authority.

12. ~~"Qualifying wage threshold" has the same meaning as defined in section 15G.101~~ means the laborshed wage for an eligible business.

1 13. ~~"Retained job" has the same meaning as defined in~~  
2 ~~section 15G.101~~ means a full-time equivalent position, in  
3 existence at the time an employer applies for financial  
4 assistance which remains continuously filled and which is at  
5 risk of elimination if the project for which the employer is  
6 seeking assistance does not proceed.

7 Sec. 2. Section 15.327, Code Supplement 2011, is amended by  
8 adding the following new subsections:

9 NEW SUBSECTION. 1A. *"Base employment level"* means the  
10 number of full-time equivalent positions at a business,  
11 as established by the authority and a business using the  
12 business's payroll records, as of the date a business applies  
13 for incentives or project completion assistance under the  
14 program.

15 NEW SUBSECTION. 2A. *"Business engaged in disaster recovery"*  
16 means a business located in an area declared a disaster area  
17 by a federal official, that has sustained substantial physical  
18 damage, that has closed as the result of a natural disaster,  
19 and that has a plan for reopening that includes employing a  
20 substantial number of the employees the business employed  
21 before the natural disaster occurred.

22 NEW SUBSECTION. 6A. *"Financial assistance"* means assistance  
23 provided only from the funds, rights, and assets legally  
24 available to the authority pursuant to this chapter and  
25 includes but is not limited to assistance in the form of  
26 grants, loans, forgivable loans, and royalty payments.

27 NEW SUBSECTION. 7A. *"Full-time equivalent position"* means  
28 a non-part-time position for the number of hours or days per  
29 week considered to be full-time work for the kind of service  
30 or work performed for an employer. Typically, a full-time  
31 equivalent position requires two thousand eighty hours of work  
32 in a calendar year, including all paid holidays, vacations,  
33 sick time, and other paid leave.

34 NEW SUBSECTION. 7B. *"Fund"* means a fund created pursuant  
35 to section 15.335B.

1     NEW SUBSECTION. 7C. "*Laborshed wage*" means the wage level  
2 represented by those wages within two standard deviations  
3 from the mean wage within the laborshed area in which the  
4 eligible business is located, as calculated by the authority,  
5 by rule, using the most current covered wage and employment  
6 data available from the department of workforce development for  
7 the laborshed area.

8     NEW SUBSECTION. 7D. "*Maintenance period*" means the period  
9 of time between the project completion date and the maintenance  
10 period completion date.

11    NEW SUBSECTION. 9A. "*Program support*" means the services  
12 necessary for the efficient administration of this part,  
13 including the delivery of program services to eligible  
14 businesses. "*Program support*" may include the administrative  
15 costs of providing project assistance, conducting a statewide  
16 laborshed study in coordination with the department of  
17 workforce development, outreach to business and marketing of  
18 programs, the procurement of technical assistance, and the  
19 implementation of information technology.

20    NEW SUBSECTION. 9B. "*Project completion assistance*" means  
21 financial assistance or technical assistance provided to  
22 an eligible business in order to facilitate the start-up,  
23 location, or expansion of the business in this state and  
24 provided in an expedient manner to ensure the successful  
25 completion of the start-up, location, or expansion project.

26    NEW SUBSECTION. 10A. "*Project completion period*" means the  
27 period of time between the date financial assistance is awarded  
28 and the project completion date.

29    Sec. 3. Section 15.329, subsection 1, unnumbered paragraph  
30 1, Code Supplement 2011, is amended to read as follows:

31    To be eligible to receive incentives or assistance  
32 under this part, a business shall meet all of the following  
33 requirements:

34    Sec. 4. Section 15.329, subsection 1, paragraph b, Code  
35 Supplement 2011, is amended to read as follows:

1     ~~b. (1) The business has not closed or substantially~~  
2 ~~reduced operations in one area of this state and relocated~~  
3 ~~substantially the same operations in a community in another~~  
4 ~~area of this state shall not be solely relocating operations~~  
5 ~~from one area of the state while seeking state or local~~  
6 ~~incentives. A project that does not create new jobs or~~  
7 ~~involve a substantial amount of new capital investment shall~~  
8 ~~be presumed to be a relocation. In determining whether a~~  
9 ~~business is solely relocating operations for purposes of this~~  
10 ~~subparagraph, the authority shall consider a letter of support~~  
11 ~~for the move from the affected local community.~~

12     (2) The business shall not be in the process of reducing  
13 operations in one community while simultaneously applying  
14 for assistance under the program. For purposes of this  
15 subparagraph, a reduction in operations within twelve months  
16 before or after an application for assistance is submitted to  
17 the authority shall be presumed to be a reduction in operations  
18 while simultaneously applying for assistance under the program.

19     (3) This paragraph shall not be construed to prohibit  
20 a business from expanding its operation in a community if  
21 existing operations of a similar nature in this state are not  
22 closed or substantially reduced.

23     Sec. 5. Section 15.329, subsection 1, paragraph c,  
24 subparagraphs (1) and (2), Code Supplement 2011, are amended  
25 to read as follows:

26     (1) If the business is creating jobs, the business shall  
27 demonstrate that the jobs will pay at least one hundred percent  
28 of the qualifying wage threshold at the start of the project  
29 completion period, at least one hundred ~~thirty~~ twenty percent  
30 of the qualifying wage threshold by the project completion  
31 date, and at least one hundred ~~thirty~~ twenty percent of  
32 the qualifying wage threshold until the maintenance period  
33 completion date.

34     (2) If the business is retaining jobs, the business  
35 shall demonstrate that the jobs retained will pay at least

1 one hundred ~~thirty~~ twenty percent of the qualifying wage  
2 threshold throughout both the project completion period and the  
3 maintenance period.

4 Sec. 6. Section 15.329, subsection 2, Code Supplement 2011,  
5 is amended by striking the subsection.

6 Sec. 7. Section 15.330, Code Supplement 2011, is amended to  
7 read as follows:

8 **15.330 Agreement.**

9 A business shall enter into an agreement with the authority  
10 specifying the requirements that must be met to confirm  
11 eligibility pursuant to this part. The authority shall  
12 consult with the community during negotiations relating to the  
13 agreement. The agreement shall contain, at a minimum, the  
14 following provisions:

15 1. A business that is approved to receive incentives  
16 or assistance under this part shall, for the length of the  
17 agreement, certify annually to the authority the compliance of  
18 the business with the requirements of the agreement. If the  
19 business receives a local property tax exemption, the business  
20 shall also certify annually to the community the compliance of  
21 the business with the requirements of the agreement.

22 2. The repayment of incentives or financial assistance  
23 by the business if the business does not meet any of the  
24 requirements of this part or the resulting agreement.

25 3. If a business that is approved to receive incentives  
26 or assistance under this part experiences a layoff within the  
27 state or closes any of its facilities within the state, the  
28 authority shall have the discretion to reduce or eliminate  
29 some or all of the incentives or assistance. If a business  
30 has received incentives or assistance under this part and  
31 experiences a layoff within the state or closes any of its  
32 facilities within the state, the business may be subject to  
33 repayment of all or a portion of the incentives or financial  
34 assistance that it has received.

35 4. A project completion date, a maintenance period

1 completion date, the number of jobs to be created or retained,  
2 or certain other terms and obligations ~~described in section~~  
3 ~~15G.112, subsection 1, paragraph "d",~~ as the authority  
4 deems necessary in order to make the requirements in project  
5 agreements uniform. The authority, with the approval of  
6 the board, may adopt rules as necessary for making such  
7 requirements uniform. Such rules shall be in compliance with  
8 the provisions of this part ~~and with the provisions of chapter~~  
9 ~~15G.~~

10 5. The amount and type of project completion assistance to  
11 be provided under section 15.335B.

12 6. The amount of matching funds to be received by a business  
13 from a city or county. The authority shall adopt by rule a  
14 formula for determining the amount of matching funds required  
15 under the program.

16 7. The business shall not be relocating or reducing  
17 operations as described in section 15.329, subsection 1,  
18 paragraph "b".

19 8. The proposed project shall not negatively impact other  
20 businesses in competition with the business being considered  
21 for assistance. The authority shall make a good-faith effort  
22 to identify existing Iowa businesses within an industry in  
23 competition with the business being considered for incentives  
24 or assistance. The authority shall make a good-faith effort  
25 to determine the probability that the proposed incentives or  
26 assistance will displace employees of the existing businesses.  
27 In determining the impact on businesses in competition with the  
28 business being considered for incentives or assistance, jobs  
29 created or retained as a result of other jobs being displaced  
30 elsewhere in the state shall not be considered direct jobs  
31 created or retained.

32 9. A report submitted to the authority with its application  
33 describing all violations of environmental law or worker  
34 safety law within the last five years. If, upon review of the  
35 application, the authority finds that a business has a record

1 of violations of the law, statutes, rules, or regulations that  
2 tends to show a consistent pattern, the authority shall not  
3 provide incentives or assistance to the business unless the  
4 authority finds either that the violations did not seriously  
5 affect public health, public safety, or the environment, or,  
6 if such violations did seriously affect public health, public  
7 safety, or the environment, that mitigating circumstances were  
8 present.

9     10. That the business shall only employ individuals legally  
10 authorized to work in this state. In addition to any and  
11 all other applicable penalties provided by current law, all  
12 or a portion of the incentives or assistance received under  
13 this part by a business that is found to knowingly employ  
14 individuals not legally authorized to work in this state is  
15 subject to recapture by the authority or by the department of  
16 revenue.

17     11. Any terms deemed necessary by the authority to effect  
18 compliance with the eligibility requirements of section 15.329.

19     Sec. 8. NEW SECTION. 15.330A Maintenance of agreements.

20     1. An eligible business receiving incentives or assistance  
21 under this part shall meet all terms and obligations in an  
22 agreement by the project completion date, but the board may  
23 for good cause extend the project completion date or otherwise  
24 amend an agreement.

25     2. During the maintenance period an eligible business  
26 receiving incentives or assistance under this part shall  
27 continue to comply with the terms and obligations of an  
28 agreement entered into pursuant to section 15.330.

29     3. The authority may enforce the terms of an agreement as  
30 necessary and appropriate.

31     Sec. 9. NEW SECTION. 15.331 Withholding tax payment  
32 diversion.

33     1. If the authority enters into an agreement pursuant to  
34 this part, or pursuant to chapter 15E, division XVIII, for  
35 any of the incentives or assistance provided under this part,



1 the authority and the eligible business may agree to credit a  
2 portion of the payments required under section 422.16 to the  
3 authority as provided in this section.

4 2. a. An eligible business entering into a withholding  
5 agreement with the authority pursuant to this section shall  
6 remit the total amount of withholding payments due pursuant to  
7 section 422.16 to the department of revenue.

8 b. The department of revenue shall, beginning July 1 of each  
9 fiscal year, quarterly deposit in a fund created pursuant to  
10 section 15.106A an amount equal to two and one-half percent of  
11 the gross wages paid by the eligible business to each employee  
12 holding a created or retained job covered by an agreement  
13 entered into pursuant to this part or chapter 15E, division  
14 XVIII, until such deposits reach ten million dollars or until  
15 June 30 of the fiscal year, whichever comes first. Moneys to  
16 be deposited pursuant to this paragraph shall not be paid to  
17 the authority until the correct amounts have been verified by  
18 the department of revenue.

19 3. Withholding payments shall be deposited pursuant to this  
20 section by the department of revenue for each employee holding  
21 a created or retained job for the duration of the agreement  
22 between the eligible business and the authority.

23 4. The authority and the eligible business shall provide  
24 to the department of revenue any information necessary to  
25 correctly process the diversion of withholding tax payments  
26 pursuant to this section.

27 5. An employee holding a created or retained job shall  
28 receive full credit for the amount withheld as provided in  
29 section 422.16.

30 6. If a portion of the employee's gross wages are subject  
31 to a withholding credit diversion under chapter 260E, chapter  
32 260G, or section 403.19A, or a supplemental withholding credit  
33 diversion under sections 15A.7 and 15E.197, when a withholding  
34 credit diversion under this section is agreed to, then the  
35 withholding payments shall be credited in the following order

1 of priority:

2 *a.* First, the withholding payments to be credited pursuant  
3 to chapters 260E and 260G and sections 15A.7 and 15E.197.

4 *b.* Second, the withholding payments to be credited pursuant  
5 to this section until the deposits reach the amount specified  
6 in subsection 2.

7 *c.* Third, the withholding payments to be credited pursuant  
8 to section 403.19A.

9 7. The authority, in conjunction with the department of  
10 revenue, shall adopt rules for the implementation of this  
11 section.

12 Sec. 10. Section 15.335A, subsection 1, unnumbered  
13 paragraph 1, Code Supplement 2011, is amended to read as  
14 follows:

15 Tax incentives are available to eligible businesses as  
16 provided in this section. The incentives are based upon the  
17 number of jobs created or retained that pay at least one  
18 hundred ~~thirty~~ twenty percent of the qualifying wage threshold  
19 ~~as computed pursuant to section 15G.112, subsection 4,~~ and  
20 the amount of the qualifying investment made according to the  
21 following schedule:

22 Sec. 11. Section 15.335A, subsection 2, paragraphs b, c,  
23 f, and g, Code Supplement 2011, are amended by striking the  
24 paragraphs.

25 Sec. 12. Section 15.335A, subsections 3 and 4, Code  
26 Supplement 2011, are amended by striking the subsections.

27 Sec. 13. Section 15.335A, subsection 5, Code Supplement  
28 2011, is amended to read as follows:

29 5. The authority shall negotiate the amount of tax  
30 incentives provided to an applicant under the program  
31 in accordance with this section ~~and section 15G.112,~~ as  
32 applicable.

33 Sec. 14. NEW SECTION. 15.335B Assistance for certain  
34 programs and projects.

35 1. *a.* Under the authority provided in section 15.106A,

1 there shall be established one or more funds within the state  
2 treasury, under the control of the authority, to be used for  
3 purposes of this section.

4 *b.* A fund established for purposes of this section shall  
5 consist of the moneys deposited by the department of revenue  
6 pursuant to section 15.331, any moneys appropriated to the  
7 authority for purposes of this section, or moneys otherwise  
8 accruing to the authority and deposited in the fund for  
9 purposes of this section.

10 *c.* Interest or earnings on moneys in a fund used for the  
11 purposes of this section, and all repayments or recaptures of  
12 the assistance provided under this section, shall accrue to  
13 the authority and shall be used for purposes of this section,  
14 notwithstanding section 12C.7. Moneys in a fund are not  
15 subject to section 8.33.

16 2. *a.* The moneys in a fund established for purposes of  
17 this section, as described in subsection 1, shall be allocated  
18 by the authority in appropriate amounts to be used for the  
19 following purposes:

20 (1) For providing project completion assistance to eligible  
21 businesses under this part and for program support of such  
22 assistance.

23 (2) For providing economic development region financial  
24 assistance under section 15E.232, subsections 1, 3, 4, 5, and  
25 6.

26 (3) For providing financial assistance for business  
27 accelerators pursuant to section 15E.351.

28 (4) For deposit in the innovation and commercialization  
29 fund created pursuant to section 15.412.

30 (5) For providing financial assistance to businesses  
31 engaged in disaster recovery.

32 (6) For deposit in the entrepreneur investment awards  
33 program fund pursuant to section 15E.363.

34 *b.* Each fiscal year, the authority shall estimate the  
35 amount of revenues available for purposes of this section and

1 shall develop a budget appropriate for the expenditure of the  
2 revenues available.

3 3. In providing assistance under this section, the  
4 authority shall make a determination as to the amount and  
5 type of assistance that is most appropriate for facilitating  
6 the successful completion of an eligible business's project.  
7 Before making such a determination, the authority shall do all  
8 of the following:

9 a. Consider a business's eligibility for the tax incentives  
10 available under section 15.335A and ensure that the amount of  
11 assistance to be provided appropriately complements the amount  
12 and type of tax incentives to be provided.

13 b. Consider the amount of private sector investment to be  
14 leveraged by the project, including the eligible business's  
15 equity investment, debt financing, and any venture capital or  
16 foreign investment available, and make a good-faith effort to  
17 provide only the amount of incentives and assistance necessary  
18 to facilitate the project's successful completion.

19 c. Consider the amount and type of the local community  
20 match. The authority may provide assistance to an early-stage  
21 business in a high-growth industry regardless of the amount of  
22 local match involved.

23 d. Calculate the fiscal impact ratio of the project and use  
24 it to guide the provision of incentives and assistance under  
25 this part.

26 e. Evaluate the quality of the project based on the factors  
27 described in section 15.329, subsection 5, and any other  
28 relevant factors.

29 f. Ensure that the combined amount of incentives and  
30 assistance are appropriate to the size of the project, to  
31 the value of the project, to the fiscal impact ratio of the  
32 project, and to any other relevant factors.

33 4. Each eligible business receiving assistance under this  
34 section shall enter into an agreement with the authority and  
35 the agreement shall meet the requirements of sections 15.330

1 and 15.330A.

2 Sec. 15. NEW SECTION. 15.335C Economically distressed  
3 areas.

4 1. a. Notwithstanding section 15.329, subsection 1,  
5 paragraph "c", the authority may provide tax incentives or  
6 project completion assistance under this part to an eligible  
7 business paying less than one hundred twenty percent of the  
8 qualifying wage threshold if that business is located in an  
9 economically distressed area.

10 b. A business in an economically distressed area receiving  
11 incentives or assistance pursuant to this section shall be  
12 required to pay at least one hundred percent of the qualifying  
13 wage threshold.

14 2. For purposes of this section, "*economically distressed*  
15 *area*" means a county that ranks among the bottom twenty-five of  
16 all Iowa counties, as measured by one of the following:

17 a. Average monthly unemployment level for the most recent  
18 twelve-month period.

19 b. Average annualized unemployment level for the most recent  
20 five-year period.

21 Sec. 16. Section 15A.7, subsection 3, Code Supplement 2011,  
22 is amended to read as follows:

23 3. That the employer shall agree to pay wages for the jobs  
24 for which the credit is taken of at least the ~~county wage or~~  
25 ~~the regional~~ laborshed wage, as calculated by the authority  
26 pursuant to ~~section 15C.112~~ 15.327, subsection 3, ~~whichever~~  
27 ~~is lower~~ 7C. Eligibility for the supplemental credit shall  
28 be based on a one-time determination of starting wages by the  
29 community college.

30 Sec. 17. Section 15E.193, subsection 1, paragraph b,  
31 subparagraph (1), Code Supplement 2011, is amended to read as  
32 follows:

33 (1) The business shall provide a sufficient package of  
34 benefits to each employee holding a created or retained job.  
35 For purposes of this paragraph, "*created job*" and "*retained job*"

1 have the same meaning as defined in section ~~15G.101~~ 15.327.

2 Sec. 18. Section 15E.193, subsection 1, paragraphs c and d,  
3 Code Supplement 2011, are amended to read as follows:

4 c. The business shall pay a wage that is at least ninety  
5 percent of the qualifying wage threshold. For purposes of this  
6 paragraph, "*qualifying wage threshold*" has the same meaning as  
7 defined in section ~~15G.101~~ 15.327.

8 d. Creates or retains at least ten full-time equivalent  
9 positions and maintains them until the maintenance period  
10 completion date. For purposes of this paragraph, "*maintenance*  
11 *period completion date*" and "*full-time equivalent position*" have  
12 the same meanings as defined in section ~~15G.101~~ 15.327.

13 Sec. 19. Section 15E.231, unnumbered paragraph 1, Code  
14 Supplement 2011, is amended to read as follows:

15 In order for an economic development region to receive  
16 ~~moneys under the economic development financial assistance~~  
17 ~~program established in section 15G.112~~ assistance pursuant to  
18 section 15.335B, an economic development region's regional  
19 development plan must be approved by the authority. An  
20 economic development region shall consist of not less than  
21 three counties, unless two contiguous counties have a combined  
22 population of at least three hundred thousand based on the  
23 most recent federal decennial census. An economic development  
24 region shall establish a focused economic development effort  
25 that shall include a regional development plan relating to one  
26 or more of the following areas:

27 Sec. 20. Section 15E.232, subsections 1, 3, 4, 5, and 6,  
28 Code Supplement 2011, are amended to read as follows:

29 1. An economic development region may apply for financial  
30 assistance from ~~the economic development~~ a fund established  
31 pursuant to section 15.335B to assist with the installation  
32 of physical infrastructure needs including, but not limited  
33 to, horizontal infrastructure, water and sewer infrastructure,  
34 and telecommunications infrastructure, related to the  
35 development of fully served business and industrial sites by

1 one or more of the region's economic development partners  
2 or for the installation of infrastructure related to a  
3 new business location or expansion. In order to receive  
4 financial assistance pursuant to this subsection, the economic  
5 development region must demonstrate all of the following:

6     a. The ability to provide matching moneys on a basis of a  
7 one dollar contribution of local matching moneys for every two  
8 dollars received from the economic development fund.

9     b. The commitment of the specific business partner  
10 including, but not limited to, a letter of intent defining a  
11 capital commitment or a percentage of equity.

12     c. That all other funding alternatives have been exhausted.

13     3. An economic development region may apply for financial  
14 assistance from ~~the economic development~~ a fund established  
15 pursuant to section 15.335B to assist an existing business  
16 threatened with closure due to a potential consolidation to an  
17 out-of-state location. The economic development region may  
18 apply for financial assistance from the economic development  
19 fund for the purchase, rehabilitation, or marketing of a  
20 building that has become available due to the closing of an  
21 existing business due to a consolidation to an out-of-state  
22 location. In order to receive financial assistance under this  
23 subsection, an economic development region must demonstrate the  
24 ability to provide local matching moneys on a basis of a one  
25 dollar contribution of local moneys for every three dollars  
26 received from the economic development fund.

27     4. An economic development region may apply for financial  
28 assistance from ~~the economic development~~ a fund established  
29 pursuant to section 15.335B to establish and operate an  
30 entrepreneurial initiative. In order to receive financial  
31 assistance under this subsection, an economic development  
32 region must demonstrate the ability to provide local matching  
33 moneys on a basis of a one dollar contribution of local moneys  
34 for every two dollars received from the economic development  
35 fund.

1 5. *a.* An economic development region may apply for  
2 financial assistance from ~~the economic development~~ a fund  
3 established pursuant to section 15.335B to establish and  
4 operate a business succession assistance program for the  
5 region.

6 *b.* In order to receive financial assistance under this  
7 subsection, an economic development region must demonstrate  
8 the ability to provide local matching moneys on a basis of a  
9 one dollar contribution of local moneys for every two dollars  
10 received from the economic development fund.

11 6. An economic development region may apply for financial  
12 assistance from ~~the economic development~~ a fund established  
13 pursuant to section 15.335B to implement economic development  
14 initiatives that are either unique to the region or innovative  
15 in design and implementation. In order to receive financial  
16 assistance under this subsection, an economic development  
17 region must demonstrate the ability to provide local matching  
18 moneys on a one-to-one basis.

19 Sec. 21. Section 15E.351, subsection 1, Code Supplement  
20 2011, is amended to read as follows:

21 1. The economic development authority shall establish and  
22 administer a business accelerator program to provide financial  
23 assistance for the establishment and operation of a business  
24 accelerator for technology-based, value-added agricultural,  
25 information solutions, alternative and renewable energy  
26 including the alternative and renewable energy sectors listed  
27 in section 476.42, subsection 1, paragraph "a", subparagraph  
28 (1), or advanced manufacturing start-up businesses or for a  
29 satellite of an existing business accelerator. The program  
30 shall be designed to foster the accelerated growth of new  
31 and existing businesses through the provision of technical  
32 assistance. The economic development authority may provide  
33 financial assistance under this section from moneys allocated  
34 for ~~regional~~ financial assistance for business accelerators  
35 pursuant to section ~~15G.111~~ section 15.335B, subsection 9 2.



1     Sec. 22. NEW SECTION. 15E.362 Entrepreneur investment  
2 awards program.

3     1. The authority shall establish and administer an  
4 entrepreneur investment awards program for purposes of  
5 providing grants to programs that provide technical and  
6 financial assistance to entrepreneurs seeking to create,  
7 locate, or expand a business in the state if the business  
8 derives or intends to derive more than ten percent of its gross  
9 sales from markets outside of the state. Financial assistance  
10 under the program shall be provided from the entrepreneur  
11 investment awards program fund created in section 15E.363.

12     2. In determining whether an entrepreneur assistance  
13 program qualifies for a grant under the entrepreneur investment  
14 awards program, the authority shall find that the entrepreneur  
15 assistance program demonstrates all of the following:

16     *a.* The entrepreneur assistance program expended at least  
17 five hundred thousand dollars in the program's previous  
18 fiscal year to provide technical and financial assistance to  
19 entrepreneurs seeking to create, locate, or expand a business  
20 in the state if the business derives or intends to derive more  
21 than ten percent of its gross sales from markets outside of the  
22 state. The five hundred thousand dollars in expenditures in  
23 the program's previous fiscal year shall not include grants  
24 awarded pursuant to this section or any funds invested in  
25 clients' businesses.

26     *b.* The entrepreneur assistance program provides services to  
27 meet the broad-based needs of entrepreneurs seeking to create,  
28 locate, or expand a business in the state if the business  
29 derives or intends to derive more than ten percent of its gross  
30 sales from markets outside of the state.

31     *c.* The entrepreneur assistance program communicates with  
32 and cooperates with other entrepreneur assistance programs and  
33 similar service providers in the state.

34     *d.* The entrepreneur assistance program engages various  
35 funding sources for entrepreneurs seeking to create, locate,

1 or expand a business in the state if the business derives or  
2 intends to derive more than ten percent of its gross sales from  
3 markets outside of the state.

4 *e.* The entrepreneur assistance program communicates with  
5 and cooperates with various entities for purposes of locating  
6 suitable facilities for clients of the entrepreneur assistance  
7 program.

8 *f.* The entrepreneur assistance program is an Iowa-based  
9 business.

10 3. In determining whether an entrepreneur assistance  
11 program qualifies for a grant under the entrepreneur investment  
12 awards program, the authority may consider any of the  
13 following:

14 *a.* The business experience of the professional staff  
15 employed or retained by the entrepreneur assistance program.

16 *b.* The business plan review capacity of the entrepreneur  
17 assistance program's professional staff.

18 *c.* The expertise of the entrepreneur assistance program's  
19 professional staff in all aspects of business disciplines.

20 *d.* The entrepreneur assistance program's professional  
21 staff's access to external service providers including legal,  
22 accounting, marketing, and financial services.

23 4. Upon being awarded a grant under this section, the  
24 entrepreneur assistance program shall accept client referrals  
25 from the economic development authority.

26 5. The amount of a grant awarded to a qualifying  
27 entrepreneur assistance program shall not exceed the lesser of  
28 the following for any fiscal year:

29 *a.* An amount equal to twenty-five percent of the funds  
30 expended by the qualifying program in the program's previous  
31 fiscal year to provide technical and financial assistance to  
32 entrepreneurs seeking to create, locate, or expand a business  
33 in the state if the business derives or intends to derive more  
34 than ten percent of its gross sales from markets outside of  
35 the state. For purposes of this paragraph, "funds expended"

1 shall not include grants awarded pursuant to this section or  
2 any funds invested in clients' businesses.

3     *b.* An amount equal to one hundred percent of funds raised by  
4 the entrepreneur assistance program in the previous fiscal year  
5 from private foundations, federal or local government funds,  
6 financial institutions, or individuals.

7     *c.* Two hundred thousand dollars.

8     6. The grant awarded to a qualifying entrepreneur  
9 assistance program shall only be used for the purpose of the  
10 operating costs incurred by the program.

11     7. The economic development authority board may approve,  
12 deny, or defer each application for a grant from the  
13 entrepreneur investment awards program fund created in section  
14 15E.363.

15     8. The maximum amount of the total grants awarded by the  
16 authority for the entrepreneur investment awards program shall  
17 not exceed one million dollars in a fiscal year. The authority  
18 shall award the grants on a first-come, first-served basis.

19     9. The authority may contract with outside service  
20 providers for assistance with the grant program described in  
21 this section or may delegate the administration of the program  
22 to the Iowa innovation corporation pursuant to section 15.106B.

23     Sec. 23. NEW SECTION. 15E.363 **Entrepreneur investment**  
24 **awards program fund.**

25     1. An entrepreneur investment awards program fund is  
26 created in the state treasury under the control of the  
27 authority and consisting of any moneys appropriated by the  
28 general assembly and any other moneys available to and obtained  
29 or accepted by the authority for placement in the fund.

30     2. Payments of interest, repayments of moneys provided, and  
31 recaptures of moneys provided shall be deposited in the fund.

32     3. The fund shall be used to provide grants under the  
33 entrepreneur investment awards program established in section  
34 15E.362.

35     4. Moneys in the fund are not subject to section 8.33.

1 Notwithstanding section 12C.7, interest or earnings on moneys  
2 in the fund shall be credited to the fund.

3 Sec. 24. Section 159A.6B, subsection 2, Code Supplement  
4 2011, is amended to read as follows:

5 2. The office may execute contracts in order to provide  
6 technical support and outreach services for purposes of  
7 assisting and educating interested persons as provided in this  
8 section. The office may also contract with a consultant to  
9 provide part or all of these services. The office may require  
10 that a person receiving assistance pursuant to this section  
11 contribute up to fifty percent of the amount required to  
12 support the costs of contracting with the consultant to provide  
13 assistance to the person. The office shall assist the person  
14 in completing any technical information required in order  
15 to receive assistance by the economic development authority  
16 pursuant to ~~the value-added agriculture component of the~~  
17 ~~economic development financial assistance program established~~  
18 ~~pursuant to section 15G.112~~ section 15.335B.

19 Sec. 25. Section 266.19, Code Supplement 2011, is amended  
20 to read as follows:

21 **266.19 Renewable fuel — assistance.**

22 The university shall cooperate in assisting renewable fuel  
23 production facilities supporting livestock operations managed  
24 by persons receiving assistance pursuant to ~~the value-added~~  
25 ~~agriculture component of the economic development financial~~  
26 ~~assistance program established in section 15G.112~~ section  
27 15.335B.

28 Sec. 26. Section 455B.104, subsection 2, Code Supplement  
29 2011, is amended to read as follows:

30 2. The department shall assist persons applying for  
31 assistance to establish and operate renewable fuel production  
32 facilities pursuant to ~~the value-added agriculture component~~  
33 ~~of the economic development financial assistance program~~  
34 ~~established in section 15G.112~~ section 15.335B.

35 Sec. 27. REPEAL. Section 455B.433, Code Supplement 2011,

1 is repealed.

2 Sec. 28. RULES. The economic development authority shall  
3 adopt rules for the implementation of this division of this  
4 Act.

5 Sec. 29. EFFECTIVE UPON ENACTMENT. The following provision  
6 or provisions of this division of this Act, being deemed of  
7 immediate importance, take effect upon enactment:

8 1. The section of this division of this Act enacting section  
9 15.331.

10 Sec. 30. APPLICABILITY.

11 1. The provision or provisions of this division of this  
12 Act, enacting section 15.331, apply retroactively to agreements  
13 entered into under the high quality jobs program or the  
14 enterprise zones program on or after July 1, 2011, and to  
15 awards of incentives or assistance made under those programs on  
16 or after July 1, 2011.

17 2. Notwithstanding subsection 1, an agreement that provides  
18 for the credit of the payments required under section 422.16  
19 shall not provide for the credit of such payments described in  
20 subsection 3 on a date prior to July 1, 2012.

21 3. A withholding agreement entered into pursuant to section  
22 15.331 shall apply only to withholding payments due under  
23 section 422.16 on or after the effective date of section  
24 15.331.

25 DIVISION II

26 TARGETED INDUSTRIES PROGRAM

27 Sec. 31. Section 15.102, subsection 11, Code Supplement  
28 2011, is amended to read as follows:

29 11. "*Targeted industries*" means the ~~same as defined~~  
30 ~~in section 15.411, subsection 1~~ industries of advanced  
31 manufacturing, biosciences, and information technology.

32 Sec. 32. Section 15.106B, subsection 2, paragraph d,  
33 subparagraph (1), Code Supplement 2011, is amended by adding  
34 the following new subparagraph divisions:

35 NEW SUBPARAGRAPH DIVISION. (g) Services related to

1 outreach and assistance to businesses for small business  
2 innovation research and technology transfer pursuant to section  
3 15.411, subsection 5, or services related to accelerating the  
4 generation and development of innovative ideas and businesses  
5 pursuant to section 15.411, subsection 6.

6 NEW SUBPARAGRAPH DIVISION. (h) Services related to the  
7 administration of an entrepreneur investment awards program  
8 pursuant to section 15E.362.

9 Sec. 33. Section 15.117A, subsection 2, paragraph a,  
10 subparagraph (5), Code Supplement 2011, is amended to read as  
11 follows:

12 (5) ~~The person appointed as the chief information officer~~  
13 ~~pursuant to section 8A.201A, or, if no person has been so~~  
14 ~~appointed, the director of the department of administrative~~  
15 ~~services workforce development, or the director's designee.~~

16 Sec. 34. Section 15.411, Code Supplement 2011, is amended  
17 to read as follows:

18 ~~15.411 Targeted industries Innovative business development —~~  
19 ~~internships — technical and financial assistance.~~

20 1. As used in this part, unless the context otherwise  
21 requires:

22 a. "Innovative business" means the same as defined in  
23 section 15E.52.

24 ~~a.~~ b. "Internship" means temporary employment of a student  
25 that focuses on providing the student with work experience in  
26 the student's field of study.

27 ~~b. "Targeted industries" means the industries of advanced~~  
28 ~~manufacturing, biosciences, and information technology.~~

29 2. The authority shall, ~~upon board approval,~~ may contract  
30 with service providers on a case-by-case basis for services  
31 related to statewide commercialization development ~~in the~~  
32 ~~targeted industries of innovative businesses.~~ Services  
33 provided shall include all of the following:

34 a. Assistance provided directly to businesses by experienced  
35 serial entrepreneurs for all of the following activities:

- 1 (1) Business plan development.
- 2 (2) Due diligence.
- 3 (3) Market assessments.
- 4 (4) Technology assessments.
- 5 (5) Other planning activities.
- 6 *b.* Operation and coordination of various available
- 7 competitive seed and prototype development funds.
- 8 *c.* Connecting businesses to private angel investors and the
- 9 venture capital community.
- 10 *d.* Assistance in obtaining access to an experienced pool
- 11 of managers and operations talent that can staff, mentor, or
- 12 advise start-up enterprises.
- 13 *e.* Support and advice for accessing sources of early stage
- 14 financing.
- 15 3. The authority shall establish and administer a program
- 16 to provide financial and technical assistance to encourage
- 17 prototype and concept development activities by innovative
- 18 businesses that have a clear potential to lead to commercially
- 19 viable products or services within a reasonable period of time
- 20 ~~in the targeted industries.~~ Financial assistance shall be
- 21 awarded on a per project basis upon board approval. ~~The amount~~
- 22 ~~of financial assistance available for a single project shall~~
- 23 ~~not exceed one hundred fifty thousand dollars.~~ In order to
- 24 receive financial assistance, an applicant must demonstrate
- 25 the ability to secure one dollar of nonstate moneys for every
- 26 two dollars received from the authority. For purposes of this
- 27 section, "financial assistance" means assistance provided only
- 28 from the funds, rights, and assets legally available to the
- 29 authority pursuant to this chapter and includes but is not
- 30 limited to assistance in the form of grants, loans, forgivable
- 31 loans, and royalty payments.
- 32 ~~4. The authority shall, upon board approval, establish~~
- 33 ~~and administer a program to provide financial assistance for~~
- 34 ~~projects designed to encourage collaboration between commercial~~
- 35 ~~users and developers of information technology in the state~~

1 ~~for the purpose of commercializing existing software and~~  
2 ~~applications technologies. Financial assistance shall not~~  
3 ~~exceed one hundred thousand dollars per project. In order to~~  
4 ~~receive financial assistance, an applicant must demonstrate the~~  
5 ~~ability to secure two dollars of nonstate moneys for every one~~  
6 ~~dollar received from the authority. Financial assistance shall~~  
7 ~~be awarded to projects that will result in technologies being~~  
8 ~~developed as commercial products for sale by Iowa companies~~  
9 ~~rather than as custom applications for proprietary use by a~~  
10 ~~participating firm.~~

11 ~~5. The authority shall, upon board approval, establish~~  
12 ~~and administer a program to provide financial assistance to~~  
13 ~~businesses or departments of businesses engaged in the delivery~~  
14 ~~of information technology services in the state for the purpose~~  
15 ~~of upgrading the high-level technical skills of existing~~  
16 ~~employees. The amount of financial assistance shall not exceed~~  
17 ~~twenty-five thousand dollars for any business site. In order~~  
18 ~~to receive financial assistance, an applicant must demonstrate~~  
19 ~~the ability to secure two dollars of nonstate moneys for every~~  
20 ~~one dollar received from the authority.~~

21 ~~6. 4.~~ The authority shall, upon board approval, establish  
22 and administer a ~~targeted industries~~ an innovative businesses  
23 internship program for Iowa students. For purposes of this  
24 subsection, "*Iowa student*" means a student of an Iowa community  
25 college, private college, or institution of higher learning  
26 under the control of the state board of regents, or a student  
27 who graduated from high school in Iowa but now attends an  
28 institution of higher learning outside the state of Iowa. The  
29 purpose of the program is to link Iowa students to small and  
30 medium sized Iowa firms ~~in the targeted industries~~ through  
31 internship opportunities. An Iowa employer may receive  
32 financial assistance in an amount of one dollar for every  
33 two dollars paid by the employer to an intern. The amount  
34 of financial assistance shall not exceed three thousand one  
35 hundred dollars for any single internship, or nine thousand



1 three hundred dollars for any single employer. In order to be  
2 eligible to receive financial assistance under this subsection,  
3 the employer must have five hundred or fewer employees and must  
4 ~~be engaged in a targeted industry~~ an innovative business. The  
5 authority shall encourage youth who reside in economically  
6 distressed areas, youth adjudicated to have committed a  
7 delinquent act, and youth transitioning out of foster care to  
8 participate in the ~~targeted industries~~ internship program.

9 ~~7. The economic development authority shall work with the~~  
10 ~~department of workforce development to create a statewide~~  
11 ~~supplier capacity and product database to assist the economic~~  
12 ~~development authority in linking suppliers to Iowa-based~~  
13 ~~companies. The economic development authority may procure~~  
14 ~~technical assistance for the creation of the database from a~~  
15 ~~third party through a request for proposals process.~~

16 ~~8. The technology commercialization committee created~~  
17 ~~pursuant to section 15.116 shall review all applications for~~  
18 ~~financial assistance and requests for proposals pursuant to~~  
19 ~~this section and make recommendations to the board.~~

20 ~~9. In each fiscal year, the authority may transfer~~  
21 ~~additional moneys that become available to the authority~~  
22 ~~from sources such as loan repayments or recaptures of awards~~  
23 ~~from federal economic stimulus funds to the innovation~~  
24 ~~and commercialization development fund created in section~~  
25 ~~15.412, provided the authority spends those moneys for the~~  
26 ~~implementation of the recommendations included in the separate~~  
27 ~~consultant reports on bioscience, advanced manufacturing,~~  
28 ~~information technology, and entrepreneurship submitted to the~~  
29 ~~department in calendar years 2004, 2005, and 2006.~~

30 5. a. (1) The authority shall establish and administer  
31 an outreach program for purposes of assisting businesses with  
32 applications to the federal small business innovation research  
33 and small business technology transfer programs.

34 (2) The goals of this assistance are to increase the number  
35 of successful phase II small business innovation research grant

1 proposals in the state, increase the amount of such grant  
2 funds awarded in the state, stimulate subsequent investment by  
3 industry, venture capital, and other sources, and encourage  
4 businesses to commercialize promising technologies.

5 b. (1) In administering the program, the authority may  
6 provide technical and financial assistance to businesses.  
7 Financial assistance provided pursuant to this subsection shall  
8 not exceed twenty-five thousand dollars to any single business.

9 (2) The authority may require successful applicants to  
10 repay the amount of financial assistance received, but shall  
11 not require unsuccessful applicants to repay such assistance.  
12 Any moneys repaid pursuant to this subsection may be used to  
13 provide financial assistance to other applicants.

14 c. The authority may also provide financial assistance  
15 for purposes of helping businesses meet the matching funds  
16 requirements of the federal small business innovation research  
17 and small business technology transfer programs.

18 d. The authority may contract with outside service providers  
19 for assistance with the programs described in this subsection  
20 or may delegate the functions to be performed under this  
21 subsection to the corporation pursuant to section 15.106B.

22 6. a. The authority shall establish and administer a  
23 program to accelerate the generation and development of  
24 innovative ideas and businesses. The program shall include  
25 assistance for the expansion of the proof of commercial  
26 relevance concept, the expansion of investment in applied  
27 research, and support for a manufacturing extension partnership  
28 program.

29 b. The authority may contract with outside service providers  
30 for assistance with the program described in this subsection  
31 or may delegate the functions to be performed under this  
32 subsection to the corporation pursuant to section 15.106B.

33 ~~10.~~ 7. The board shall adopt rules pursuant to chapter 17A  
34 necessary for the administration of this section.

35 Sec. 35. Section 15.412, subsections 2 and 3, Code

1 Supplement 2011, are amended to read as follows:

2 2. Moneys in the fund are appropriated to the authority and,  
3 with the approval of the board, shall be used to facilitate  
4 agreements, enhance commercialization ~~in the targeted~~  
5 ~~industries~~, and increase the availability of skilled workers  
6 ~~within the targeted industries~~ in innovative businesses. Such  
7 moneys shall not be used for the support of retail businesses,  
8 health care businesses, or other businesses requiring a  
9 professional license.

10 3. Moneys in the fund, ~~with the approval of the board,~~ may  
11 also be used for the following purposes:

12 a. For assistance to entities providing student internship  
13 opportunities.

14 ~~b. For increasing career awareness training.~~

15 ~~c. For recruiting management talent.~~

16 ~~d.~~ b. For assistance to entities engaged in prototype and  
17 concept development activities.

18 ~~e.~~ c. For developing a statewide commercialization network.

19 ~~f. For deploying and maintaining an Iowa entrepreneur~~  
20 ~~website.~~

21 ~~g. For funding asset mapping and supply chain initiatives,~~  
22 ~~including for identifying methods of supporting lean~~  
23 ~~manufacturing practices or processes.~~

24 ~~h. For information technology training.~~

25 ~~i. For networking events to facilitate the transfer of~~  
26 ~~technology among researchers and industries.~~

27 ~~j. For funding student competition programs.~~

28 ~~k. For the purchase of advanced equipment and software~~  
29 ~~at Iowa community colleges in order to support training and~~  
30 ~~coursework related to the targeted industries.~~

31 d. For establishing and administering the programs described  
32 in section 15.411.

33 Sec. 36. Section 15E.52, subsection 1, paragraph c, Code  
34 Supplement 2011, is amended to read as follows:

35 c. "Innovative business" means a business applying novel

1 or original methods to the manufacture of a product or the  
2 delivery of a service. *"Innovative business"* includes but  
3 is not limited to a business engaged in a ~~targeted industry~~  
4 ~~as defined in section 15.411~~ the industries of advanced  
5 manufacturing, biosciences, and information technology.

6 DIVISION III

7 OTHER ECONOMIC DEVELOPMENT CHANGES

8 Sec. 37. Section 15.106A, subsection 1, paragraph o, Code  
9 Supplement 2011, is amended to read as follows:

10 o. Establish one or more funds within the state treasury  
11 under the control of the authority. Moneys deposited in or  
12 accruing to such a fund are appropriated to the authority for  
13 purposes of administering the economic development programs in  
14 this chapter, chapter 15E, or such other programs as directed  
15 by law. Notwithstanding section 8.33 or 12C.7, or any other  
16 provision to the contrary, moneys invested by the treasurer  
17 of state pursuant to this subsection shall not revert to the  
18 general fund of the state and interest accrued on the moneys  
19 shall be moneys of the authority and shall not be credited to  
20 the general fund. The nonreversion of moneys allowed under  
21 this paragraph does not apply to moneys appropriated to the  
22 authority by the general assembly.

23 Sec. 38. Section 15.107B, subsection 1, Code Supplement  
24 2011, is amended to read as follows:

25 1. On or before January 31 of each year, the director  
26 shall submit to the authority board and the general assembly a  
27 report that describes the activities of the authority during  
28 the preceding fiscal year. The report shall include detailed  
29 information about jobs created, capital invested, wages paid,  
30 and awards made under the programs the authority administers.  
31 The report may include such other information as the director  
32 deems necessary or as otherwise required by law. Subsequent  
33 to submitting the report and within the same session of the  
34 general assembly, the director shall discuss and review the  
35 report with the general assembly's standing committees on

1 economic growth and rebuild Iowa.

2 Sec. 39. Section 97B.1A, subsection 8, paragraph a,  
3 subparagraph (12), Code Supplement 2011, is amended by striking  
4 the subparagraph.

5 Sec. 40. REPEAL. Sections 15.103 and 15.104, Code  
6 Supplement 2011, are repealed.

7 Sec. 41. HOUSING ENTERPRISE ZONE TAX CREDIT ISSUANCE.

8 1. Notwithstanding section 15E.193B, subsection 4, the  
9 authority may issue a tax credit to an eligible housing  
10 business for a project not completed within two years from  
11 the time the business began construction if a city failed to  
12 file the appropriate paperwork with the authority requesting  
13 an extension for the project pursuant to section 15E.193B,  
14 subsection 4.

15 2. The authorization described in subsection 1 only applies  
16 to projects for which a city failed to file an extension  
17 between January 1, 2007, and January 1, 2008, and only to  
18 benefits earned for a project between February 8, 2005, and  
19 February 8, 2008.

20 Sec. 42. EFFECTIVE UPON ENACTMENT. The following provision  
21 or provisions of this division of this Act, being deemed of  
22 immediate importance, take effect upon enactment:

23 1. The section of this Act amending section 97B.1A.

24 Sec. 43. RETROACTIVE APPLICABILITY. The following  
25 provision or provisions of this division of this Act apply  
26 retroactively to July 1, 2011:

27 1. The section of this Act amending section 97B.1A.

28 DIVISION IV

29 FILM TAX CREDIT PROGRAM

30 Sec. 44. Section 2.48, subsection 3, paragraph c,  
31 subparagraph (5), Code 2011, is amended by striking the  
32 subparagraph.

33 Sec. 45. Section 15.119, subsection 2, paragraph b, Code  
34 Supplement 2011, is amended by striking the paragraph.

35 Sec. 46. Section 422.7, subsection 52, Code Supplement

1 2011, is amended by striking the subsection.

2 Sec. 47. Section 422.33, subsections 23 and 24, Code  
3 Supplement 2011, are amended by striking the subsections.

4 Sec. 48. Section 422.35, subsection 23, Code Supplement  
5 2011, is amended by striking the subsection.

6 Sec. 49. Section 422.60, subsections 10 and 11, Code  
7 Supplement 2011, are amended by striking the subsections.

8 Sec. 50. Section 533.329, subsection 2, paragraphs f and g,  
9 Code Supplement 2011, are amended by striking the paragraphs.

10 Sec. 51. REPEAL. Sections 15.391, 15.392, 422.11T,  
11 422.11U, 432.12J, and 432.12K, Code 2011, are repealed.

12 Sec. 52. REPEAL. Section 15.393, Code Supplement 2011, is  
13 repealed.

14 Sec. 53. EFFECTIVE UPON ENACTMENT. This division of this  
15 Act, being deemed of immediate importance, takes effect upon  
16 enactment.

17 Sec. 54. RETROACTIVE APPLICABILITY. This division of this  
18 Act applies retroactively to January 1, 2012, for tax years  
19 beginning on or after that date.

20 Sec. 55. APPLICABILITY. This division of this Act does not  
21 apply to contracts or agreements entered into on or before the  
22 effective date of this division of this Act.

23 EXPLANATION

24 This bill relates to economic development and the use of  
25 funds by establishing programs and funds, affecting programs,  
26 tax incentives, and project completion and other assistance  
27 administered by the economic development authority. The bill  
28 diverts withholding tax payments for such programs, incentives,  
29 and assistance. The bill provides general spending authority  
30 to the economic development authority for funds established  
31 pursuant to Code section 15.106A. The bill abolishes the film  
32 tax credit program.

33 HIGH QUALITY JOBS PROGRAM. Division I relates to assistance  
34 in the high quality jobs program and related assistance and  
35 programs.

1 The bill amends Code chapter 15, part 13, to provide for  
2 assistance when providing for incentives. The bill includes  
3 amendments to definitions, which incorporate the language of  
4 the definitions in Code chapter 15G, the economic development  
5 fund and financial assistance program (formerly, the grow Iowa  
6 values fund and program), which is repealed June 30, 2012, with  
7 some modifications. The bill transfers the definitions of  
8 "created job", "maintenance period completion date", "retained  
9 job", "financial assistance", "full-time equivalent position",  
10 "maintenance period", and "project completion period" from Code  
11 section 15G.101 to Code section 15.327.

12 The bill transfers the definitions of "benefit", "fiscal  
13 impact ratio", "project completion date", "qualifying wage  
14 threshold", and "base employment level" from Code section  
15 15G.101 to Code section 15.327, with modifications. The bill  
16 changes the definition of "benefit" by providing that the  
17 economic development board, rather than the authority, shall  
18 determine any other nonwage compensation that is considered a  
19 benefit. The bill changes the calculation of a "fiscal impact  
20 ratio". The estimated taxes to be received by the state from a  
21 business would be divided by the estimated cost to the state of  
22 providing certain project completion assistance and incentives  
23 to the business rather than dividing the estimated taxes by  
24 the cost of providing financial incentives to the business.  
25 The bill amends the definition of "project completion date"  
26 to provide that the person may be a recipient of project  
27 completion assistance rather than financial assistance. The  
28 bill amends the definition of "qualifying wage threshold".  
29 The bill provides that the qualifying wage threshold means  
30 the "laborshed wage" as defined in the bill rather than the  
31 county or regional wage. The bill provides that the "base  
32 employment level" is calculated as of the date the business  
33 applies for incentives or project completion assistance rather  
34 than financial assistance.

35 The bill also adds definitions for "business engaged

1 in disaster recovery", "fund", "laborshed wage", "program  
2 support", and "project completion assistance" in Code section  
3 15.327. The bill provides that a "business engaged in  
4 disaster recovery" means a business located in a federally  
5 declared disaster area that sustained substantial physical  
6 damage and closed as a result of the disaster, but has a plan  
7 for reopening that includes employing a substantial number  
8 of the employees the business employed before the natural  
9 disaster. The bill provides that "fund" means a fund created  
10 pursuant to new Code section 15.335B. The bill provides that  
11 "laborshed wage" means the wage level represented by those  
12 wages within two standard deviations from the mean wage within  
13 the laborshed area, as calculated by the authority. The bill  
14 defines "program support" as the services necessary for the  
15 efficient administration of the high quality jobs program.  
16 The bill defines "project completion assistance" as financial  
17 or technical assistance provided to an eligible business  
18 to facilitate the start-up, location, or expansion of the  
19 business.

20 The bill strikes the definitions for "benefits", "county  
21 wage", "qualifying wage threshold", and "regional wage" as used  
22 in Code section 15.335A, as those definitions placed by the  
23 bill in Code section 15.327 also apply to Code section 15.335A.

24 The bill amends Code section 15.329 regarding qualifying  
25 wage thresholds for eligible businesses. The current law  
26 requires that any jobs created or retained pay at least  
27 130 percent of the qualifying wage threshold at the project  
28 completion date until the maintenance period completion  
29 date. The bill provides that a business eligible to receive  
30 incentives or assistance for creating or retaining jobs must  
31 pay at least 120 percent of the qualifying wage threshold  
32 at the project completion date until the maintenance period  
33 completion date. The bill also eliminates a credit against  
34 the qualifying wage threshold for businesses that create or  
35 retain jobs with sufficient benefits packages. However, the



1 bill allows the authority to provide assistance to a business  
2 paying less than 120 percent but at least 100 percent of the  
3 qualifying wage threshold if the business is located in an  
4 economically distressed area. An economically distressed  
5 area is defined in the bill as a county that ranks among the  
6 bottom 25 counties in Iowa based on either the average monthly  
7 unemployment level for the most recent 12-month period, or  
8 the average annualized unemployment level for the most recent  
9 five-year period.

10 The bill amends Code section 15.330 to include financial  
11 assistance where the statutory language provides for  
12 incentives. The bill also amends Code section 15.330 to  
13 eliminate references to Code chapter 15G, the economic  
14 development fund and financial assistance program, which is  
15 repealed on June 30, 2012.

16 The bill provides that an agreement between the business  
17 and the authority that specifies the requirements to be met  
18 to confirm eligibility must include the amount and type of  
19 project completion assistance to be provided, the amount of  
20 matching funds from a city or county, a provision that the  
21 business shall not relocate or reduce operations as those  
22 terms are modified in the bill, a provision that the proposed  
23 project shall not negatively impact other businesses in  
24 competition with the business being considered for assistance,  
25 a report submitted to the authority describing violations of  
26 environmental law or worker safety law, a provision that the  
27 business shall only employ individuals legally authorized to  
28 work in the state, and any terms necessary to effect compliance  
29 with the eligibility requirements of Code section 15.329.

30 The bill adds new Code section 15.330A regarding the  
31 maintenance of agreements. The new Code section provides that  
32 an eligible business that is receiving incentives or assistance  
33 must meet the terms and obligations in the agreement by the  
34 project completion date and the business must comply with the  
35 agreement throughout the maintenance period. If the recipient

1 business experiences a layoff or closure within the state, the  
2 authority is authorized to reduce or eliminate part or all of  
3 the incentives or assistance. The business may also be subject  
4 to repayment of the incentives and assistance. The bill allows  
5 the authority to enforce the terms of an agreement as necessary  
6 and appropriate.

7 The bill eliminates the county wage or regional wage  
8 calculations as a tool for determining whether to grant a  
9 project-specific waiver. The bill also eliminates a provision  
10 that prohibits the authority from approving more than \$3.6  
11 million worth of investment tax credits for projects with  
12 qualifying investments of less than \$1 million.

13 The bill provides that one or more funds shall be established  
14 within the state treasury to be used for assistance under  
15 newly created Code section 15.335B. One of the funds shall  
16 consist of moneys appropriated to the authority or accrued  
17 by the authority for purposes of Code section 15.335B or  
18 moneys deposited by the department of revenue pursuant to a  
19 withholding tax diversion through new Code section 15.331.  
20 Moneys in the fund shall be used for project completion  
21 assistance, economic development region financial assistance,  
22 financial assistance for business accelerators, the innovation  
23 and commercialization fund, financial assistance to businesses  
24 engaged in disaster recovery, and the entrepreneur investment  
25 awards programs fund.

26 The bill provides that the authority shall estimate the  
27 revenues available for project completion and shall develop  
28 a budget for the expenditure of funds each fiscal year. In  
29 providing assistance, the authority shall make determinations  
30 as to the amount and type of assistance that is most  
31 appropriate. Each eligible business that receives assistance  
32 under Code section 15.335B must enter into an agreement with  
33 the authority that meets the requirements of agreements under  
34 the high quality jobs program pursuant to Code sections 15.330  
35 and 15.330A.

1 The bill establishes an entrepreneur investment awards  
2 program that provides grants to Iowa-based entrepreneur  
3 assistance programs that are involved in providing technical  
4 and financial assistance to entrepreneurs seeking to create,  
5 locate, or expand a business in the state if the business  
6 derives or intends to derive more than 10 percent of its gross  
7 sales from markets outside of the state. To qualify for a  
8 grant under the entrepreneur investment awards program, the  
9 bill requires an entrepreneur assistance program to demonstrate  
10 to the authority that the program has expended \$500,000 in  
11 the program's previous fiscal year to provide technical and  
12 financial assistance to entrepreneurs seeking to create,  
13 locate, or expand a business in the state if the business  
14 derives or intends to derive more than 10 percent of its gross  
15 sales from markets outside the state. The amount of a grant to  
16 a qualifying entrepreneur assistance program shall not exceed  
17 the lesser of the following: an amount equal to 25 percent of  
18 the funds expended by the qualifying program in the program's  
19 previous fiscal year to provide technical and financial  
20 assistance to the identified entrepreneurs; 100 percent of  
21 funds raised by the entrepreneur assistance program in the  
22 previous fiscal year from private foundations, federal or local  
23 government funds, financial institutions, or individuals;  
24 or \$200,000. The funds expended shall not include grants  
25 awarded pursuant to the bill or any funds invested in clients'  
26 businesses. The authority will examine whether an entrepreneur  
27 assistance program qualifies for the award and the economic  
28 development authority board can approve, deny, or defer the  
29 application for a grant. The total grants awarded in a fiscal  
30 year under the entrepreneur investment awards program shall not  
31 exceed \$1 million and the authority shall award the grants on  
32 a first-come, first-served basis. The authority may contract  
33 with outside service providers for assistance with this grant  
34 program, or may delegate the administration of the program to  
35 the Iowa innovation corporation.

1 The bill also creates a fund for the entrepreneur investment  
2 awards program. The fund is under the control of the  
3 authority. The fund shall be used to provide the grants to  
4 qualifying entrepreneur assistance programs. Moneys in the  
5 fund are not subject to reversion of funds or interest.

6 The bill repeals Code section 455B.433 regarding assistance  
7 for necessary physical infrastructure projects.

8 The bill enacts new Code section 15.331 providing that  
9 the authority may enter into agreements with recipients of  
10 financial assistance under the high quality jobs program and  
11 the enterprise zones program that allow for the diversion of  
12 withholding tax payments pursuant to Code section 422.16 from  
13 the department of revenue to the authority. The diversion  
14 amount will be 2.5 percent of gross wages paid by eligible  
15 businesses to each employee considered to be holding a created  
16 or retained job. The bill provides that the authority may  
17 only deposit \$10 million from this diversion each fiscal year.  
18 The bill establishes a priority withholding order if the  
19 employee's wages are subject to another withholding diversion.  
20 The bill provides that the withholding diversion in new Code  
21 section 15.331 takes effect upon enactment and applies to  
22 agreements entered into and awards of incentives and assistance  
23 made under the high quality and enterprise zones programs  
24 on or after July 1, 2011. However, a withholding agreement  
25 entered into pursuant to Code section 15.331 applies only to  
26 withholding payments due under Code section 422.16 on or after  
27 the effective date of Code section 15.331.

28 The bill removes references to the economic development  
29 fund and financial assistance program and replaces it with the  
30 assistance created by new Code section 15.335B.

31 TARGETED INDUSTRIES PROGRAM. Division II relates to the  
32 targeted industries program. The term "targeted industries"  
33 in Code section 15.411 is replaced with "innovative business".  
34 The bill no longer requires board approval for the authority  
35 to contract with service providers for services related to

1 commercialization development. The bill removes the \$150,000  
2 limitation on financial assistance for a single project of an  
3 innovative business. The bill removes the requirement that the  
4 authority administer a program to provide financial assistance  
5 for projects designed to encourage collaboration between  
6 commercial users and developers of information technology.  
7 The bill also removes the requirement the authority establish  
8 and administer a program to provide financial assistance to  
9 business or business departments engaged in the delivery  
10 of information technology services in the state. The bill  
11 eliminates the requirement that the authority and department  
12 of workforce development create a statewide supplier capacity  
13 and product database. The bill provides that applications for  
14 financial assistance under the innovative businesses program  
15 no longer require a review by the technology commercialization  
16 committee. The bill removes the transfer provisions relating  
17 to money received by the authority as loan repayments or  
18 recaptures of federal economic stimulus funds.

19 The bill requires the authority to establish and administer  
20 an outreach program to assist businesses with applications  
21 to the federal small business innovation research and small  
22 business technology transfer programs. The authority may  
23 contract with outside service providers for assistance  
24 with the outreach program and the entrepreneur investment  
25 awards program or may delegate the administration of the  
26 programs to the Iowa innovation corporation pursuant to  
27 Code section 15.106B. The authority may provide technical  
28 or financial assistance and may require that successful  
29 applicants repay any financial assistance received. The  
30 bill specifies that moneys appropriated to the innovation  
31 and commercialization development fund shall not be used for  
32 retail businesses, health care businesses, or other businesses  
33 requiring a professional license. The bill also reduces the  
34 number of purposes for which money in the innovation and  
35 commercialization development fund may be used.

1 The bill provides that the authority shall establish  
2 and administer a program to accelerate the generation and  
3 development of innovative ideas and businesses, which includes  
4 assistance for the expansion of the proof of commercial  
5 relevance concept, the expansion of investment in applied  
6 research, and support for a manufacturing extension partnership  
7 program. The authority may contract with outside providers for  
8 assistance with this program or may delegate the functions to  
9 the Iowa innovation corporation.

10 The bill removes the department of administrative services'  
11 chief information officer, director, or the director's designee  
12 from the membership of the Iowa innovation council, and  
13 replaces that member with the director of the department of  
14 workforce development, or the director's designee.

15 OTHER ECONOMIC DEVELOPMENT CHANGES. Division III of the  
16 bill repeals Code sections 15.103 and 15.104, relating to the  
17 economic development board, which was replaced by the economic  
18 development authority board in Code section 15.105.

19 The bill provides spending authority for moneys deposited  
20 in or accruing to funds established pursuant to Code section  
21 15.106A for the purposes of administering economic development  
22 programs in Code chapters 15 and 15E, or other programs as  
23 directed by law.

24 The bill amends Code section 15.107B regarding the director  
25 of the economic development authority's reporting requirements.  
26 The bill provides that the director shall submit a report to  
27 the general assembly, in addition to the authority board,  
28 regarding the activities of the authority in the previous  
29 fiscal year. The report shall include detailed information  
30 about jobs created, capital invested, wages paid, and awards  
31 made. The bill also requires the director to discuss and  
32 review the report with the general assembly's standing  
33 committees on economic growth and rebuild Iowa during the same  
34 legislative session that the report was submitted.

35 The bill strikes persons employed by the economic

1 development authority after July 1, 2011, from the definition  
2 of an "employee" that can opt out of the Iowa public employees'  
3 retirement system. This provision of the bill is effective  
4 upon enactment and applies retroactively to July 1, 2011.

5 The bill provides that, notwithstanding the requirements  
6 for an eligible housing business found in section 15E.193B,  
7 subsection 4, the economic development authority may issue  
8 a tax credit to an eligible housing business for a project  
9 not completed within two years from the time the business  
10 began construction if the city failed to file the appropriate  
11 paperwork with the authority requesting an extension. This  
12 provision only applies to projects for which a city failed to  
13 file an extension between January 1, 2007, and January 1, 2008,  
14 and the benefits earned for a project between February 8, 2005,  
15 and February 8, 2008.

16 FILM TAX CREDIT PROGRAM. Division IV repeals the film tax  
17 credit program and the tax credits provided under that program.

18 The bill makes changes corresponding to the repeal of the  
19 program and the related tax credits.